

**ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE**

January 24, 2025

9:00 a.m.

MEMBERS PRESENT

Representative Zack Fields, Co-Chair
Representative Carolyn Hall, Co-Chair
Representative Ashley Carrick
Representative Robyn Niayuq Burke
Representative Dan Saddler
Representative Julie Coulombe
Representative David Nelson

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

OVERVIEW: DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT

- HEARD

PRESENTATION: UNIVERSAL SERVICE FUND

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

CATHY MUNOZ, Commissioner
Department of Labor and Workforce Development
Juneau, Alaska

POSITION STATEMENT: Co-offered an overview pertaining to the Department of Labor and Workforce Development.

DAN DEBARTOLO, Director
Central Office
Division of Administrative Services
Department of Labor and Workforce Development
Juneau, Alaska

POSITION STATEMENT: Co-offered the Department of Labor and Workforce Development overview.

CHRISTINE O'CONNOR, Executive Director
Alaska Telecom Association
Anchorage, Alaska

POSITION STATEMENT: Gave the Universal Service Fund presentation.

CAROLE TRIEM, Governmental Affairs Manager
Alaska Municipal League
Juneau, Alaska

POSITION STATEMENT: Discussed the role of the universal service fund to Alaska.

ACTION NARRATIVE

[9:00:07 AM](#)

CO-CHAIR ZACK FIELDS called the House Labor and Commerce Standing Committee meeting to order at 9:00 a.m. Representatives Nelson, Coulombe, Saddler, Burke, Carrick, Hall, and Fields were present at the call to order.

OVERVIEW: Department of Labor & Workforce Development

[9:00:27 AM](#)

CO-CHAIR FIELDS announced that the first order of business would be the Department of Labor & Workforce Development overview.

[9:00:47 AM](#)

CATHY MUNOZ, Commissioner, Department of Labor and Workforce Development, co-offered the Department of Labor and Workforce Development (DLWD) overview via PowerPoint [hard copy included in the committee file]. She began on Slide 2, which illustrated the DLWD operating areas in the state. She mentioned that this includes: 14 job centers, 9 regional Technical Vocational Education Program (TVEP) recipients, 30 State Training and Employment Program (STEP) grantees, 8 construction academies, the Alaska Technical Vocational Center (AVTEC), and 7 divisions. On Slide 3, she introduced the leadership team and described that it had recently met to plan goals for the upcoming year.

COMMISSIONER MUNOZ moved to Slide 4 and described the highlights from 2024. She said that this included opening the Office of

Citizenship Assistance to assist legal immigrants with employment and training and to assist employers with visa utilization and educational opportunities. She noted that training support from the Alaska Job Center Network went up around 85 percent from 2023-2024. She spoke about collaboration with the Department of Education and Early Development (DEED) on various projects including teacher apprenticeships, a career guide project, and work in rural districts. She also highlighted the implementation of the Alaska Occupational Safety and Diversionary Program which allows businesses with first-time citations to go through consultation and training to improve operations and waive penalties. She noted that this program is the first of its kind nationwide and has fostered interest from other states. She remarked on the implementation of a skill bridge program between DLWD and the U.S. Department of Defense (DoD). She also explained the improvements to the certificate of fitness process. Presenting Slide 5, she provided elaboration on the Office of Citizenship Assistance.

[9:06:15 AM](#)

Presenting Slides 6-8, she described that one of DLWD's units is the Research and Analysis Section, which works to describe socioeconomic information pertaining to Alaska. This includes providing up-to-date information on the economy, and both job and population projections. She noted steady job growth heading into 2025, with notable areas of growth in the construction and healthcare industries. She highlighted projected population growth and demonstrated that some areas are projected to grow, and others are set to decline.

[9:07:55 AM](#)

COMMISSIONER MUNOZ, presenting Slide 9, described the Alaska Workforce Investment Board, a volunteer board appointed by the governor that oversees grants and provides funding recommendations. Slide 10 showed a screenshot from the Alaska Jobs Website, which falls under the Division of Employment and Training Services. She noted that recently media focus has been on targeting younger audiences and provided an explanation. Presenting Slide 11, she mentioned the Unemployment Insurance Unit and showed a graph that illustrates the Unemployment Insurance Trust Fund.

[9:09:40 AM](#)

COMMISSIONER MUNOZ, presenting Slide 12, described the Alaska Vocational Technical Center in Seward, which is nationally accredited and provides training opportunities in a variety of fields. On Slide 13, she described the Division of Vocational Rehabilitation, which oversees: the Vocational Rehabilitation Program, the Mature Alaskans Seeking Skills Training Program, the Disability Determination Services Program, and the Business Enterprise Program. Presenting Slide 14, she described the Division of Labor Standards & Safety, which includes the Alaska Occupational Safety and Health (AKOSH) Unit, the Mechanical Inspection Unit and the Wage and Hour Unit. She remarked that Alaska is 1 of 26 states to have a state-specific OSHA program.

COMMISSIONER MUNOZ, presenting Slides 15-18, described the AKOSH Diversionary Program. It eliminated more than \$600,000 in penalties last year and it is an opportunity for businesses that have received first-time citations to work with the Consultation Unit to address safety concerns without financial hardship to the business. The Mechanical Inspection Unit oversees the certification of fitness process for electrical and plumbing work. Currently, reciprocal agreements exist with 13 states for the electrical certification and DLWD is working on increasing reciprocity agreements. She remarked that last year the legislature approved legislation to increase provisional licensing and work was underway to accommodate these provisional licenses. She noted that federal/military credits and third-party testing is part of the process. She then explained the major responsibilities of the Workers' Compensation Unit and pointed out that one such responsibility was the Fisherman's Fund.

[9:17:10 AM](#)

DAN DEBARTOLO, Director, Central Office, Division of Administrative Services, Department of Labor and Workforce Development, as co-presenter of the Department of Labor and Workforce Development Overview, brought the committee's attention to Slide 19, which described staffing over a 15-year period. He mentioned that the department was budgeted for 939 permanent positions in 2009 and the budget allowed for 718 positions at the start of the past fiscal year. He compared various vacancy rates for previous years, including last year. Presenting Slide 20, he described staffing by average age within DLWD and compared them to statewide averages. He noted that DLWD employees have the highest average age of any department in Alaska. He noted that a possible explanation for the difference may have to do with culture and other work dynamics.

[9:20:31 AM](#)

MR. DEBARTOLO, presenting Slide 21, described retirement eligibility by division. He said approximately 20 percent of active employees are nearing retirement. He mentioned that a current concern is that a lot of institutional mileage has been leaving, which creates both strain within the department and difficulties for training purposes. He mentioned that it has also led to rapid promotion and the criteria required for promotions isn't the way it was historically. He noted that better accession planning is a major point of focus within the department. Presenting Slide 22, he described staffing vacancy rates and compared them to pre-pandemic vacancy rates. He remarked that department vacancy rates are higher than usual at 22.2 percent; pre-pandemic rates were around 17 percent. He mentioned that the graph utilized was pulled from NEOGOV, the public sector vendor that hosts Workplace Alaska job postings. He remarked that NEOGOV looked at 45 million applications prior to the pandemic and applications now. He noted that while jobs increased, the total applications did not increase comparatively. He mentioned that this is not just a public sector issue, but job and applicant proportions will challenge all departments within the state.

[9:24:37 AM](#)

CO-CHAIR FIELDS remarked on the importance of accession planning and opined that DLWD is a good place to work.

[9:25:04 AM](#)

COMMISSIONER MUNOZ responded to questions from various committee members. She said that she would follow-up with a breakdown of those professions in demand for training. She said the legislature in 2006 passed a law to form the Office of Citizenship Assistance, but it was never fully operational. She stated that given the scale of legal immigration, the department needed to do more to be a resource for individuals coming to Alaska. She said the department is excited to get the outcome of a job classification study and understand how it impacts the department. She spoke about the Office of Citizenship Assistance and how it helps with employment and transition into Alaska and said she would follow-up with how many have been served by the office. She clarified that the 80 percent figure shown on slide 4 pertains to industry certified trainings that have been completed and supported from the job center network.

She reaffirmed that this is largely a result of targeting younger populations. She explained that there are several funding streams from the Federal Government, some of which are targeted funding for specific groups. She explained that both construction and healthcare were current high demand areas and a focus of the department.

[9:37:04 AM](#)

The committee took an at-ease from 9:37 a.m. to 9:39 a.m.

PRESENTATION: Universal Service Fund

[9:39:25 AM](#)

CO-CHAIR FIELDS announced that the final order of business would be the Universal Service Fund presentation.

CO-CHAIR FIELDS, as co-presenter, mentioned that a lawsuit in the Lower-48 endangers this fund, and it should be on the committee's radar for any potential action. He began a PowerPoint presentation [hard copy included in the committee file]. In Slide 1, he described what the universal service fund is, how it was formed, and the implications associated with its removal. In Slide 2, he highlighted a map of the total financial impact of the fund and what areas benefit from it. In Slides 3 and 4, he talked about the different areas and groups that would be impacted by the loss of the fund. He presented Slide 5 and compared the financial support from the fund relative to other states. He noted that Alaska is vulnerable due to its unique nature. In Slide 6, he described what would happen if the plaintiffs were successful in removing the universal service fund.

[9:43:24 AM](#)

CHRISTINE O'CONNOR, Executive Director, Alaska Telecom Association, discussed the role of the universal service fund. She said that it is not overstating to say that the removal of this fund presents a grave threat to Alaska. She provided a background to the laws passed by Congress that help define the universal service fund. She noted that the fund allows the state to make forward progress, maintain infrastructure, and keep rates fair. She said that current projects are in jeopardy due to their reliance on the fund.

[9:46:02 AM](#)

CAROLE TRIEM, Governmental Affairs Manager, Alaska Municipal League, discussed the importance of the universal service fund to Alaska. She remarked that it impacts schools, healthcare, and critical infrastructure. She noted that local governments in Alaska rely on this fund, especially rural communities. She explained that it helps mitigate the high cost of networks. She mentioned that many rural communities are working to overcome connectivity issues, and the universal service fund helps with those projects. She explained that the Schools and Libraries Program ("E-Rate") funding is almost equal to contributions from local governments. She said that it is not feasible for local governments to foot the bill without fund support.

[9:48:13 AM](#)

MS. O'CONNOR responded to questions from committee members. She elaborated on the recent court rulings and expressed concern that Supreme Court decisions have been known to allow room for redefinition. Additionally, she remarked that if the fund were lost, telecom companies would find themselves in a no-win situation regarding service obligations. She related that the funding of recipients is program specific and funding streams depend on the program. She remarked that the most apparent concern is a funding lapse. She said that if the Supreme Court made a worst-case decision, then there would be about one month until funds stop. Resources to continue telecom operations without the fund are limited and operations couldn't continue for long; however, telecom obligations to continue service do exist.

[9:58:00 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 9:58 a.m.